



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

April 6, 1989

OFFICE OF
SOLID WASTE AND EMERGENCY
RESPONSE

Mr. Christopher J. Franki
Insurance Buyers' Council, Inc
22 West Road
Baltimore, Maryland 21204

Dear Mr. Franki:

This is in response to your letter dated March 15, 1989 in which you ask for clarification of a number of issues relating to the financial responsibility requirements for petroleum underground storage tanks.

- EPA defines tangible net worth as the tangible assets that remain after deducting liabilities; such assets do not include intangibles such as goodwill and rights to patents or royalties.
- " The standard definition of working capital is current assets minus current liabilities.
- Unused borrowing capacity is not considered part of the standard definition of working capital.

The non-profit community service corporation that your firm represents is considered a non-marketer. If the corporation has more than \$20 million in tangible net worth then it should have complied with the financial responsibility regulation on January 24, 1989; if it has less than \$20 million in tangible net worth it must comply by October 26, 1990.

The self-assurance test for local governments that Stephanie Bergman of my staff mentioned may not apply to non-profit organizations; it will be directed more towards general purpose governments (cities, counties, towns) and special purpose governments (school districts, sewer districts, power authorities, transit authorities). If the non-profit organization can meet the criteria in a self-assurance test, then it can use the mechanism to comply with the financial responsibility requirements. Otherwise, there are additional mechanisms like insurance and state funds that the organization can use to comply with the requirements by October 26, 1990.

I hope this information has been helpful. If you have any additional questions, please give me a call at 202-382-7903 or Stephanie Bergman 202-382-4614.

Sincerely,

/s/

Sammy Ng , Chief
Regulatory Analysis Branch
Office of Underground Storage Tanks